



Manager's Remarks



Budget Retreat Financial Status

Presented to
Mecklenburg Board of County Commissioners
February 20, 2014

Presentation Topics

Economic Indicators

Fiscal Year 2013 Operating Results

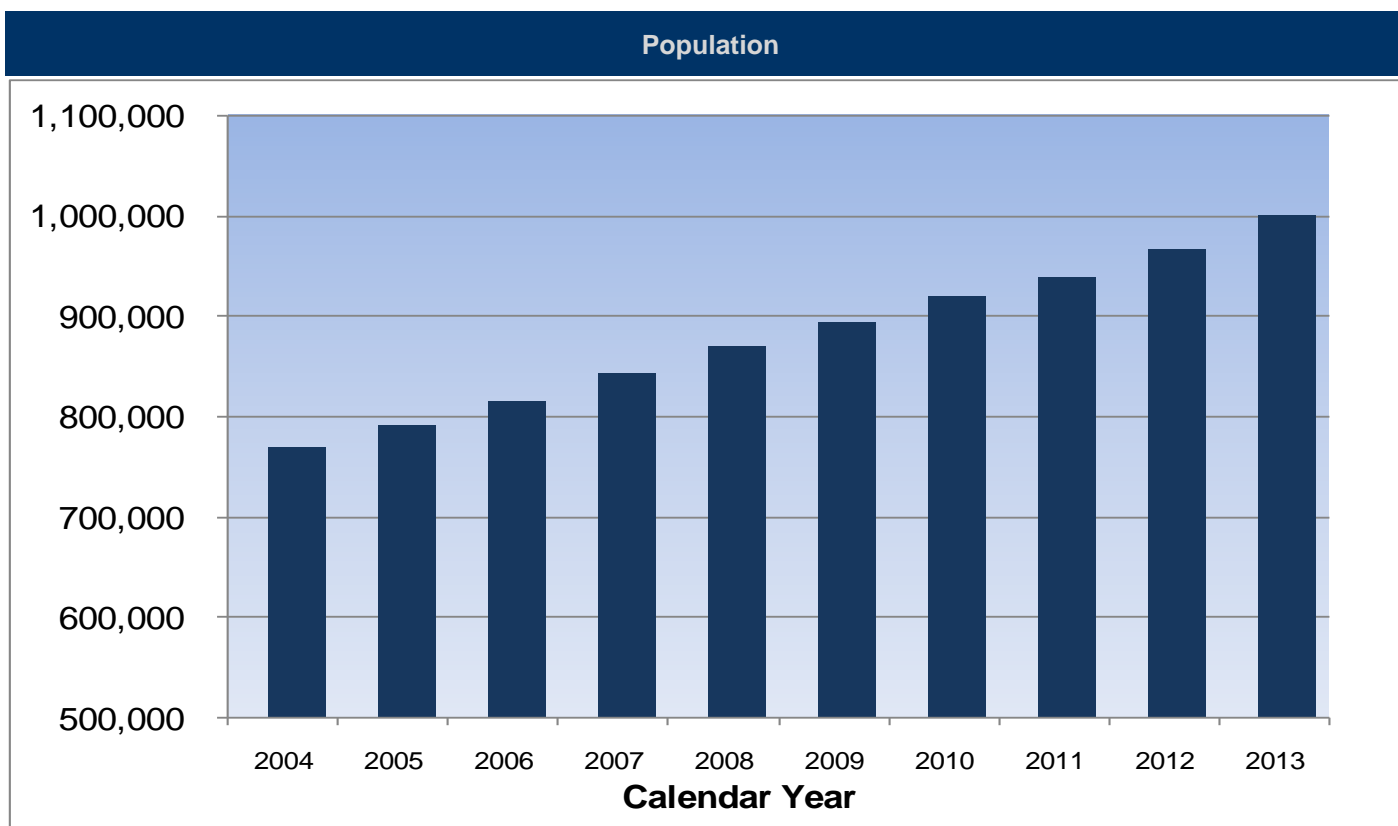
Financial Update

Projections

Economic Overview

Population Growth

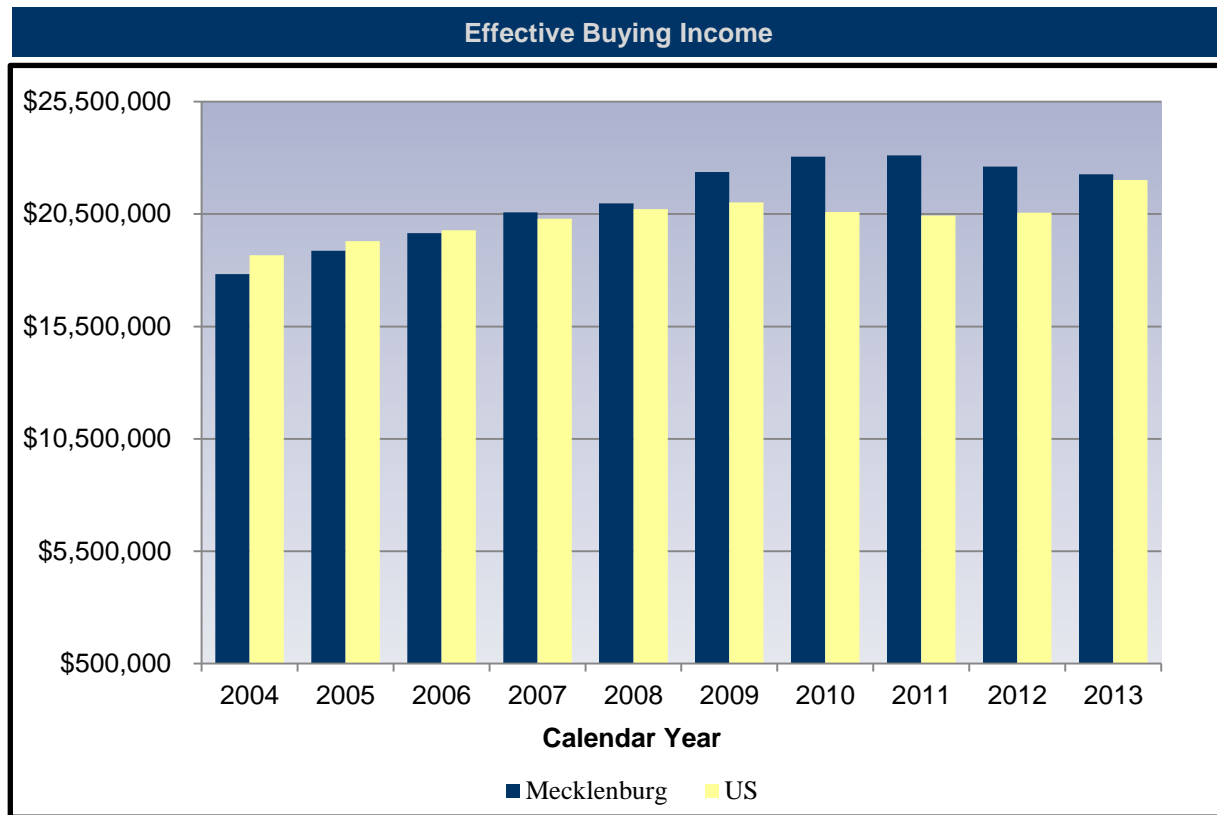
- County has grown significantly over the past ten years



Economic Overview

Wealth Indicators

- Despite the economic downturn, Effective Buying Income (EBI) for Mecklenburg County remains above the US EBI since 2007.



Economic Overview

Regional Economic Trends - Construction

- Construction decreased in 2009 and 2010 due to the economic downturn. Starting in 2011 it has experienced a strong rebound.

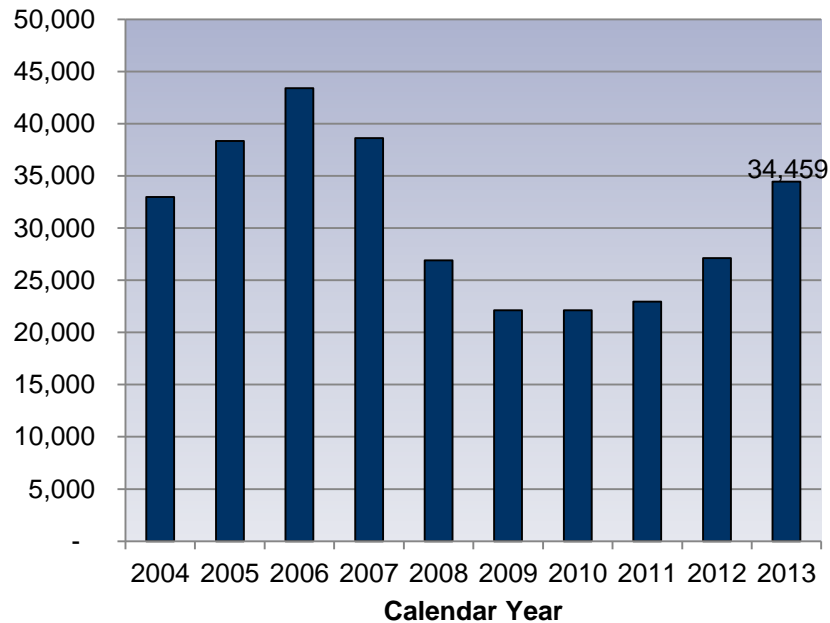
| Number and Value of Building Permits (\$ Millions) | | | | | |
|--|-------------------------|-------------|-----------------|-----------|--|
| Calendar Year | Number Building Permits | Value | | | |
| | | Residential | Non-Residential | Total | |
| 2009 | 11,549.0 | \$ 669.8 | \$ 715.7 | \$1,385.5 | |
| 2010 | 12,968.0 | 529.3 | 719.3 | 1,248.6 | |
| 2011 | 13,321.0 | 762.6 | 1,173.8 | 1,936.4 | |
| 2012 | 15,046.0 | 1,149.4 | 1,259.5 | 2,408.9 | |
| *2013 | 11,972.0 | 1,015.8 | 893.5 | 1,909.3 | |

*Totals for 2013 are as of September

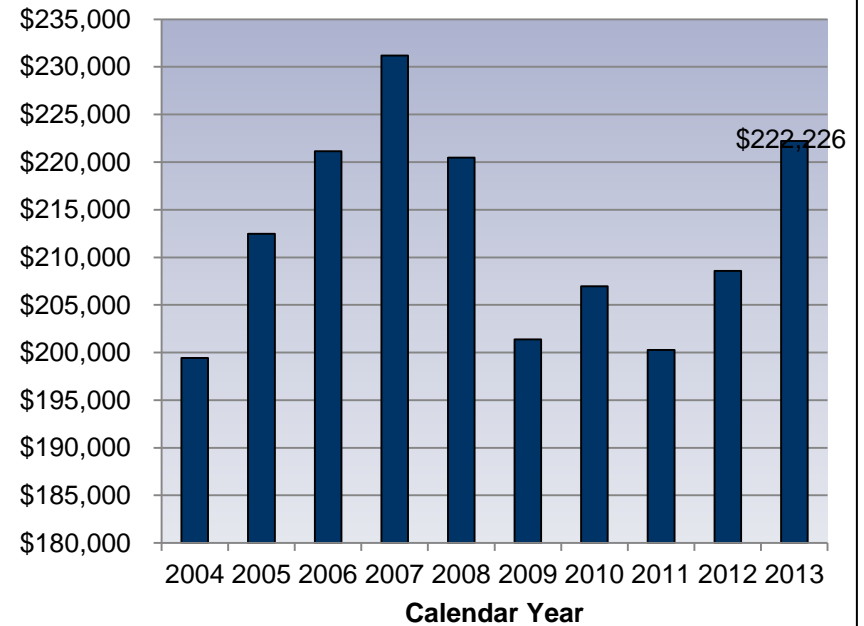
Economic Overview

Regional Economic Trends - Home Sales

Charlotte Area Residential Units Sold - Annually



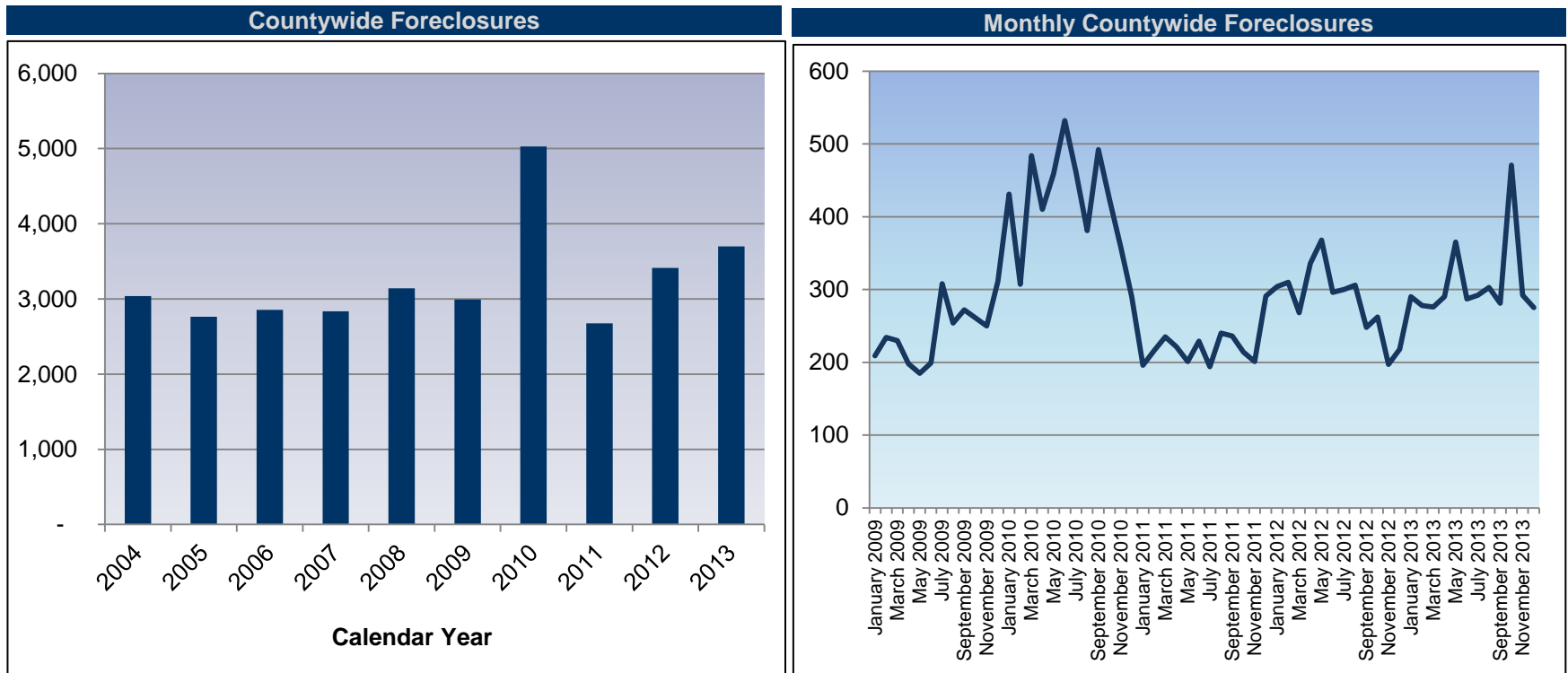
Charlotte Area Average Home Price - Annually



Economic Overview

Regional Economic Trends - Foreclosures

- Foreclosures in the County have dropped sharply since peaking in the summer of 2010



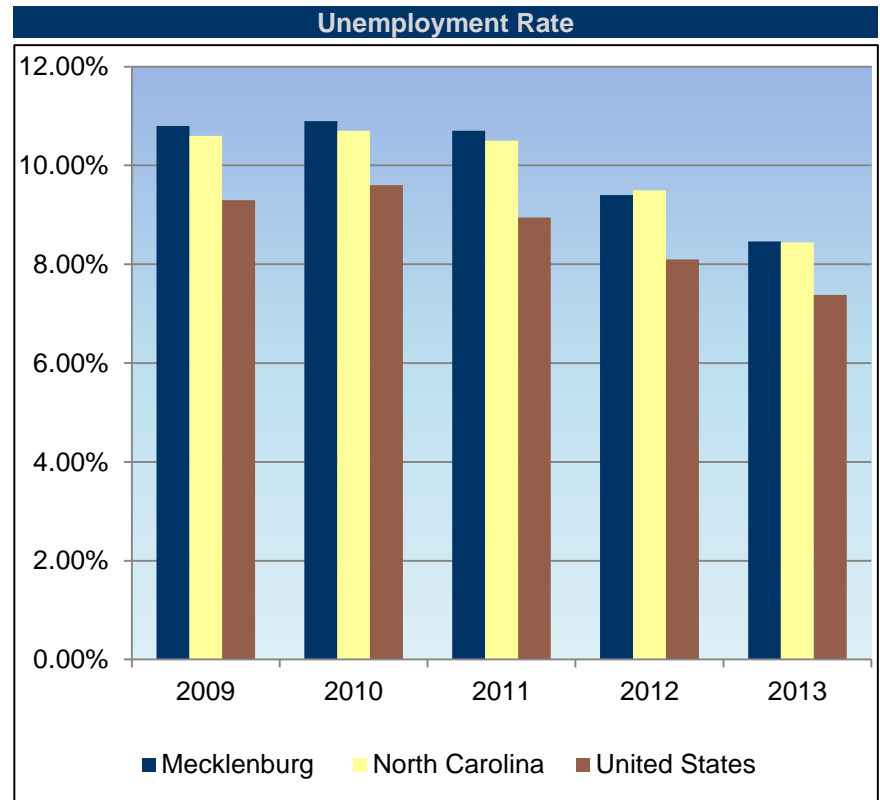
Source: Mecklenburg County; Register of Deeds Office

Economic Overview

Unemployment Trends

- Unemployment rate is trending downward

| Unemployment Rate | | | |
|-------------------|-------------|----------------|---------------|
| Period | Mecklenburg | North Carolina | United States |
| Dec 2013 | 6.7% | 6.6% | 6.5% |
| Nov 2013 | 7.1% | 6.9% | 6.6% |
| Oct 2013 | 7.7% | 7.5% | 7.0% |
| Sept 2013 | 7.8% | 7.6% | 7.0% |
| Aug 2013 | 8.5% | 8.3% | 7.3% |
| July 2013 | 9.5% | 9.1% | 7.7% |
| June 2013 | 9.4% | 9.3% | 7.8% |
| May 2013 | 8.9% | 8.9% | 7.9% |
| Apr 2013 | 8.4% | 8.5% | 7.1% |
| Mar 2013 | 8.7% | 8.9% | 7.6% |
| Feb 2013 | 9.2% | 9.5% | 8.1% |
| Jan 2013 | 9.6% | 10.2% | 8.5% |



Source: U.S. Department of Commerce; Bureau of Economic Analysis; North Carolina Division of Employment Security

Economic Overview

New and Expanded Business in 2013

- The number of firms investing in Mecklenburg County annually increased 11% from 2009 to 2013

| Summary of New and Expanded Business | | | | | |
|--------------------------------------|-------|--------|---------------------------|--------------------------|---------|
| Year | Firms | Jobs | Square Feet (millions) | Investment (millions) | |
| 2013 | 1,138 | 11,530 | 5.7 | \$ | 854.9 |
| 2012 | 1,180 | 9,595 | 6.9 | \$ | 1,252.7 |
| 2011 | 1,089 | 8,850 | 6.2 | \$ | 669.4 |
| 2010 | 912 | 10,781 | 6.4 | \$ | 1,063.7 |
| 2009 | 1,029 | 15,542 | 11.3 | \$ | 1,461.7 |

Summary – Economic Overview

- Population has been on a steady increase over the last 10 years
- Buying income remains relatively high
- Construction in the region has rebounded since recession
- Charlotte home sales and values are on the rise
- Unemployment is trending downward in the region
- The region continues to attract new businesses and existing businesses are expanding

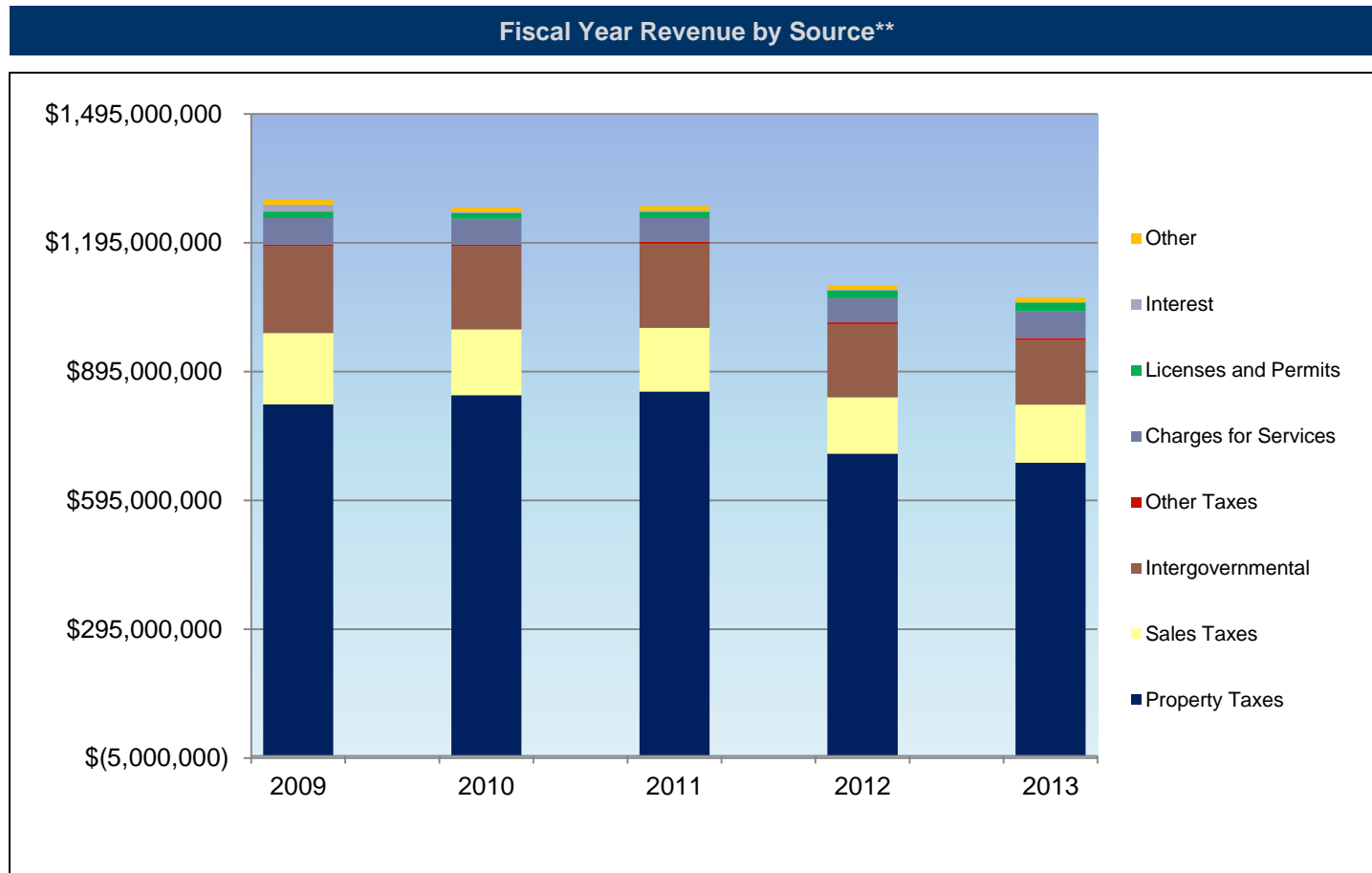
Fiscal Year 2013 Results

General and Debt Service Funds

- Total revenues for FY2013 exceeded budget by \$15.6 million
- Total expenditures were less than budget by \$104.6 million
- Fund balance increased by \$64.5 million
- Combined fund balance was \$554.7 million at June 30, 2013

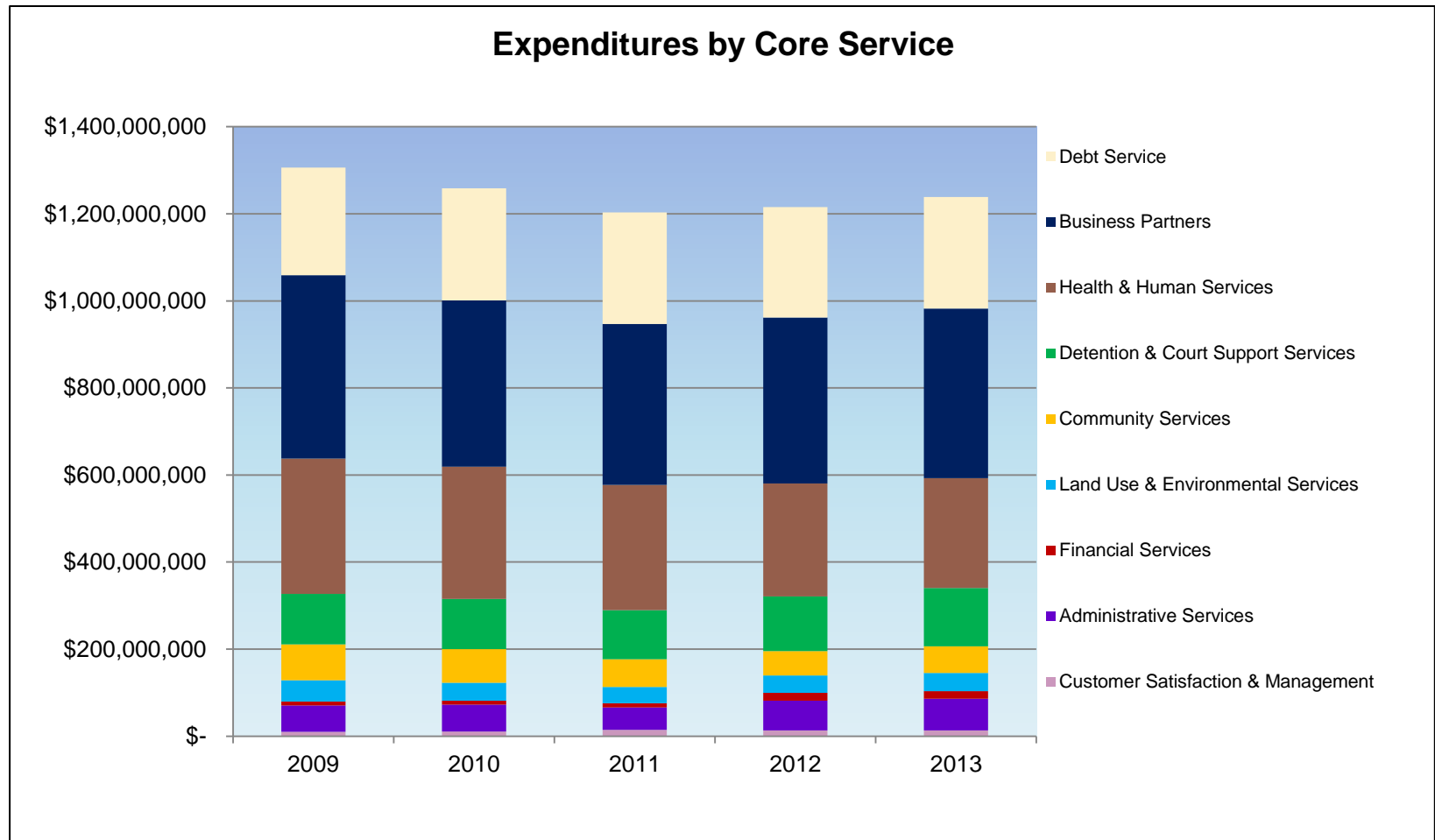
Revenue by Source

- Property taxes continue to be stable, averaging 65% of total revenue



**Includes revenue appropriated to debt service fund

Expenditures by Core Service



Current Year Update

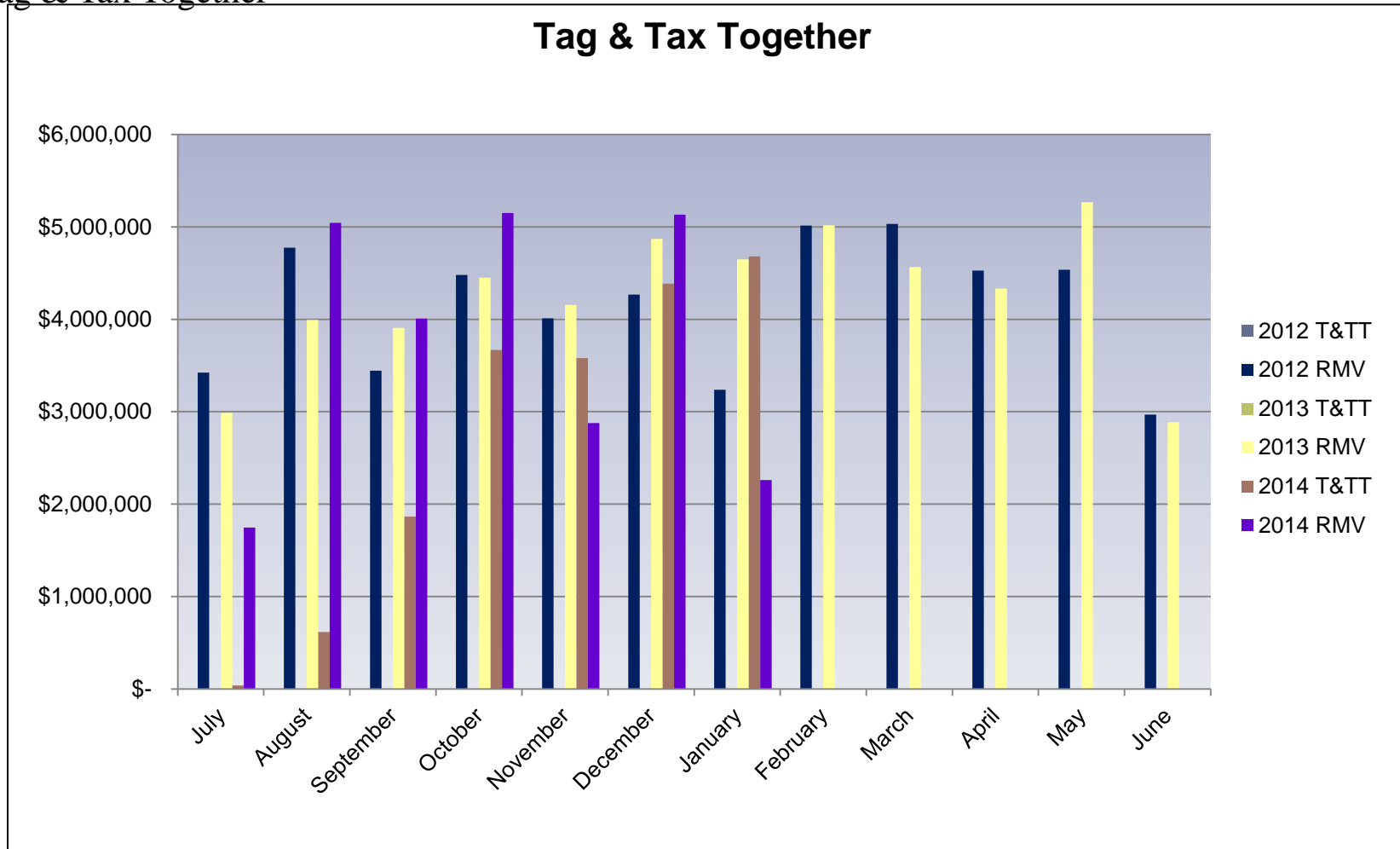
- Financial Update of Revenues
- Revenues and expenditures presented are the General and Debt Service funds combined

Property Taxes

| Property Taxes | FY2014 As of 1-31-14 | FY2013 As of 1-31-13 |
|--|-------------------------|-------------------------|
| Total budgeted tax levy | \$ 932,345,100 | \$ 920,536,400 |
| Total Levy billed through January 31 | 947,343,518 | 906,288,119 |
| Tax Collections through January 31 | 901,046,166 | 853,627,934 |
| Collections through January 31 as a % of billed levy | 96.64% | 92.73% |
| Collections through January 31 as a % of budgeted levy | 95.11% | 94.19% |
| Total Tax Levy for FY2013 | | 924,170,092 |
| Total Tax Collections for FY2013 | | 905,397,452 |
| FY2013 Collection Rate | | 97.9% |

Property Taxes

Tag & Tax Together



Real Property Assessed Valuation

- Total budgeted assessed valuation for FY2014 is \$114.3 billion
- Assessed valuation for FY 2014:

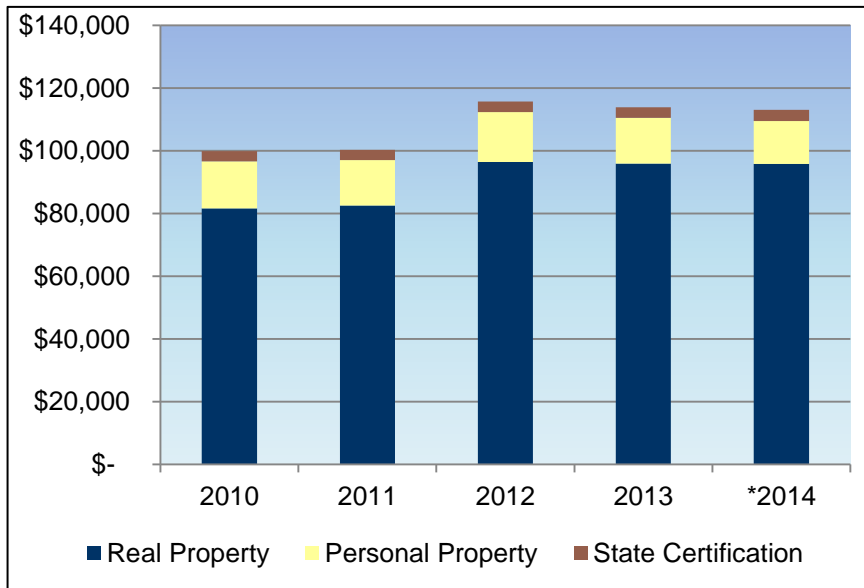
| Assessed Valuation (\$ Billions) | | | |
|----------------------------------|-----------|--------------|---------------------------|
| | Budgeted | | Billed (As of 1-31-14) |
| Real Property | \$ | 94.5 | \$ 95.9 |
| Personal Property | | 8.7 | 9.9 |
| Vehicles | | 7.9 | 3.8 |
| State Certified | | 3.3 | 3.6 |
| Total | \$ | 114.3 | \$ 113.2 |

Real Property Assessed Valuation

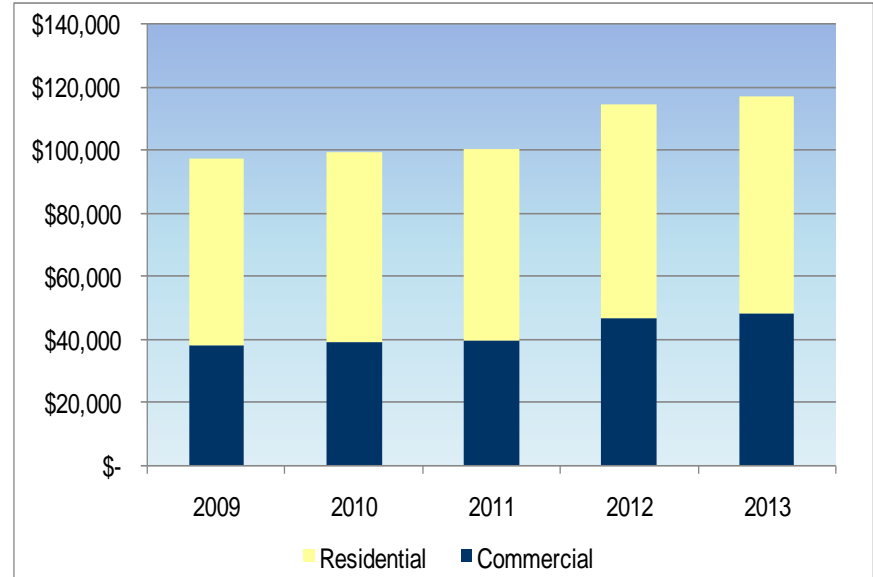
Growth in the Tax Base

- Continued growth in assessed valuation
- The increase in real property value in FY12 was due mainly to revaluation
- Actual growth in the tax base between 2013 and 2014 was 1.5%
- The split between residential and commercial has remained stable at 60% residential and 40% commercial

Fiscal Year Assessed Valuation by Component (millions)



Fiscal Year Assessed Valuation by Component (millions)



Note: FY 2012 was revaluation year.

*Budgeted

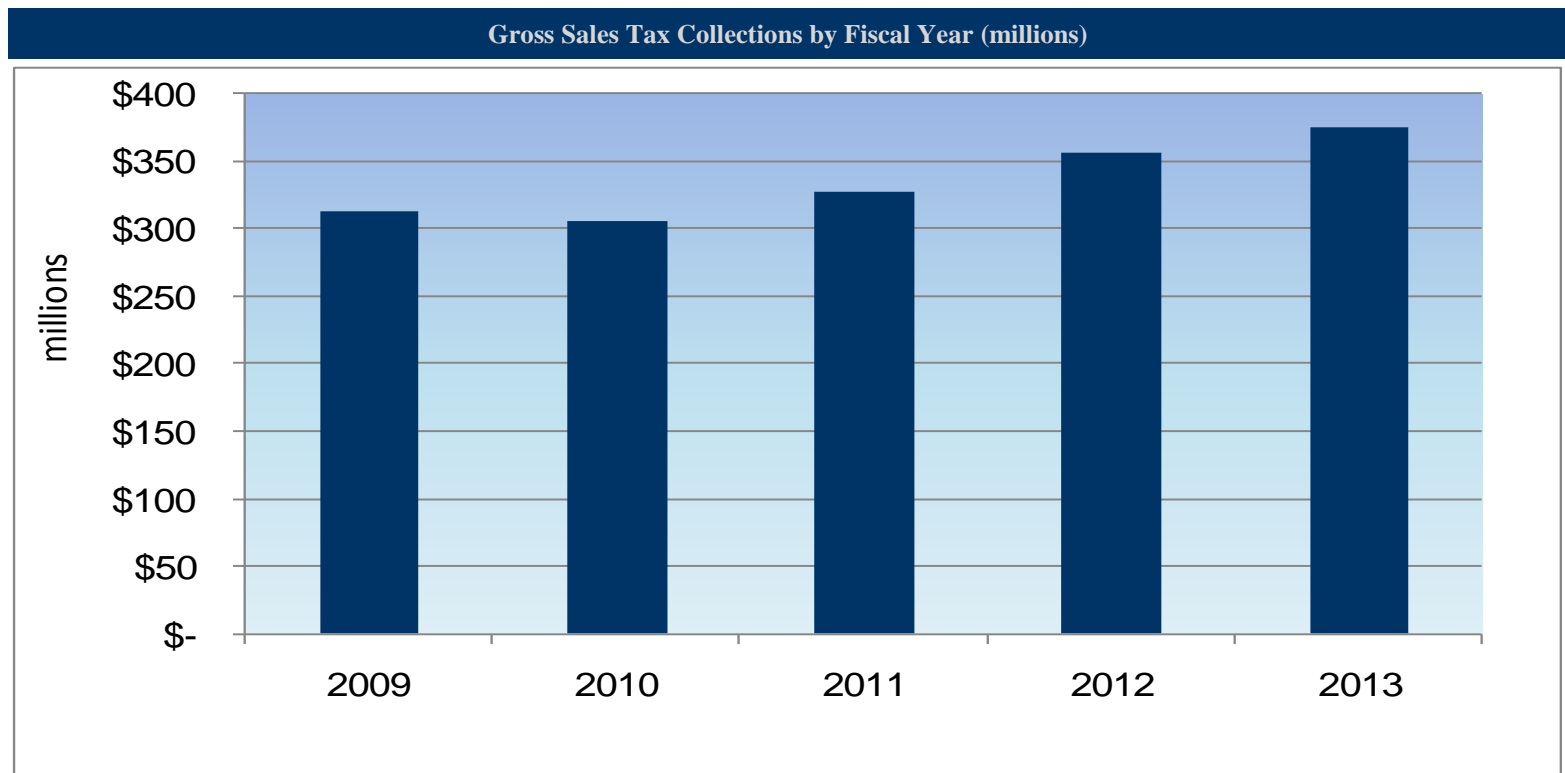
Source: Mecklenburg County Assessor's Office

Sales Taxes

| Sales Taxes | FY2014 (As of January 2014) | FY2013 (As of January 2013) |
|---|--------------------------------|--------------------------------|
| Total sales tax budgeted | \$ 171,380,000 | \$ 165,578,000 |
| Sales tax revenue through January | 55,149,417 | 51,614,013 |
| Sales tax revenue to date as a percent of total sales tax budgeted | 32.18% | 31.14% |
| Total sales tax collected June 30, 2013 | | \$ 174,876,476 |

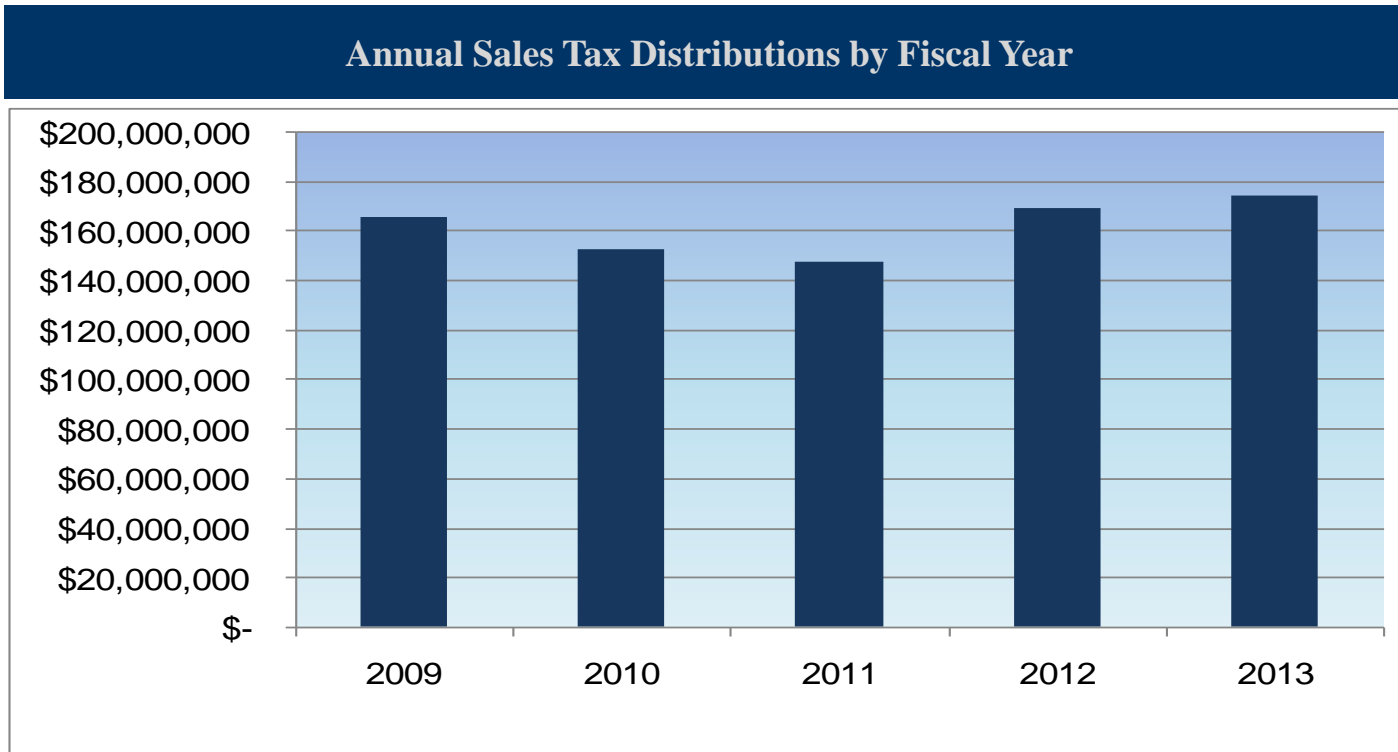
Sales Tax

- Gross collections have improved and increased 20% from FY 2009 to FY 2013

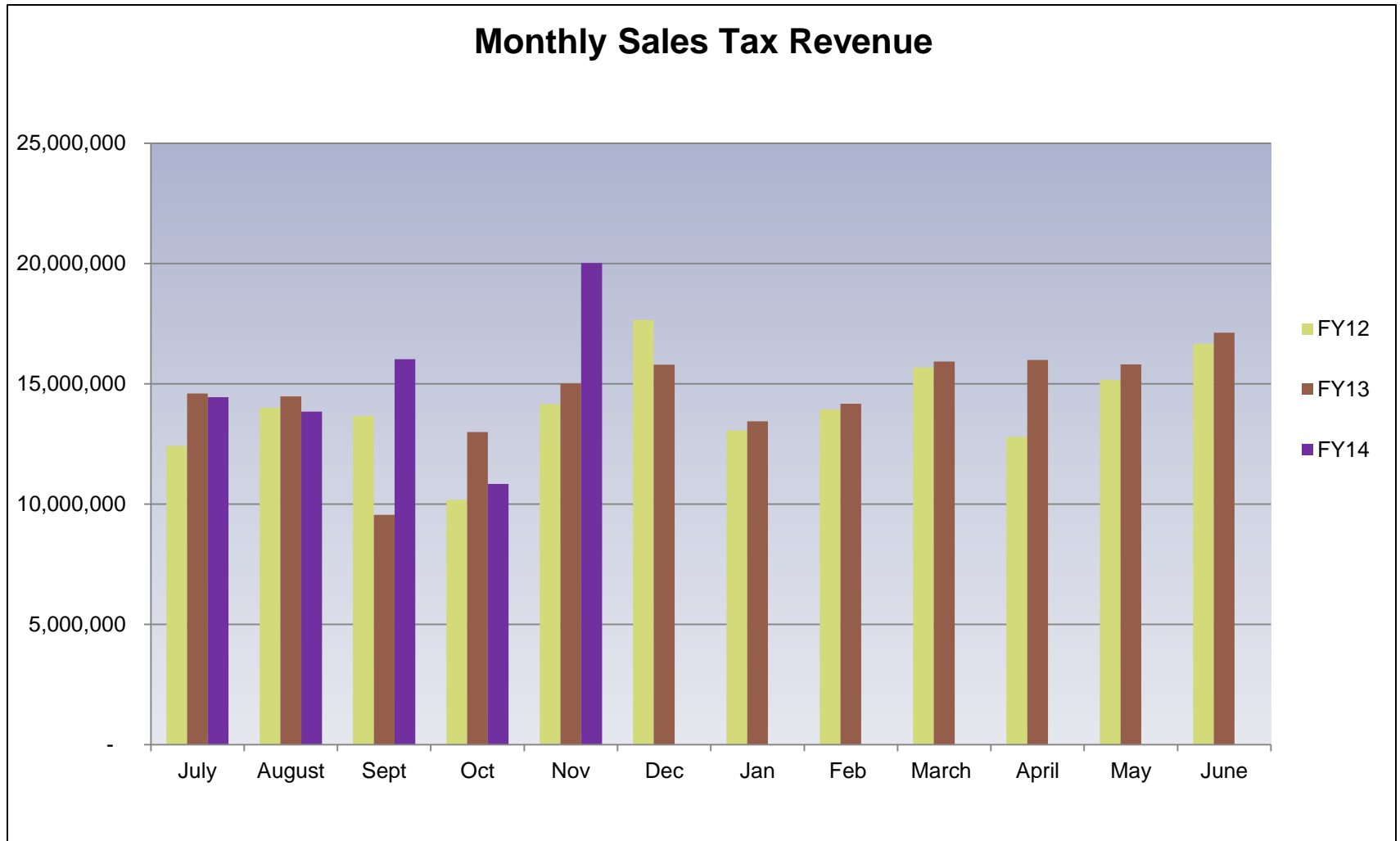


Sales Tax

- Sales tax distributions have continued to rise since 2011.



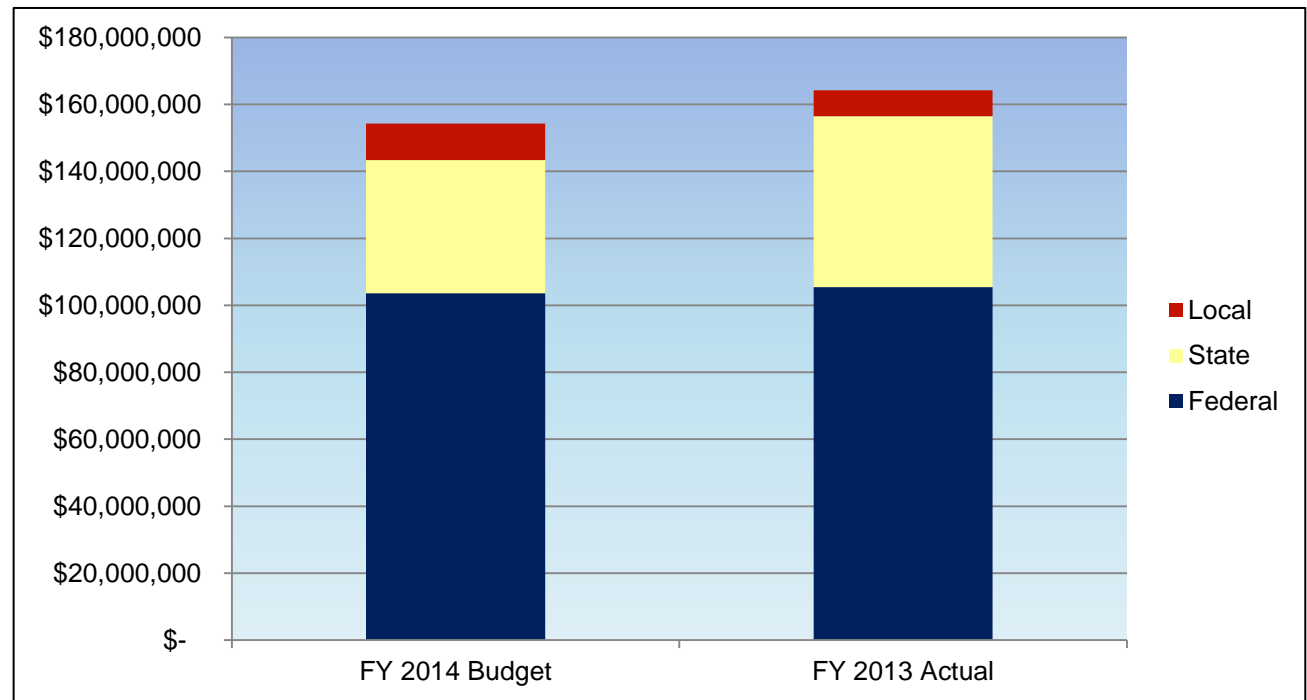
Sales Tax



Intergovernmental Revenue

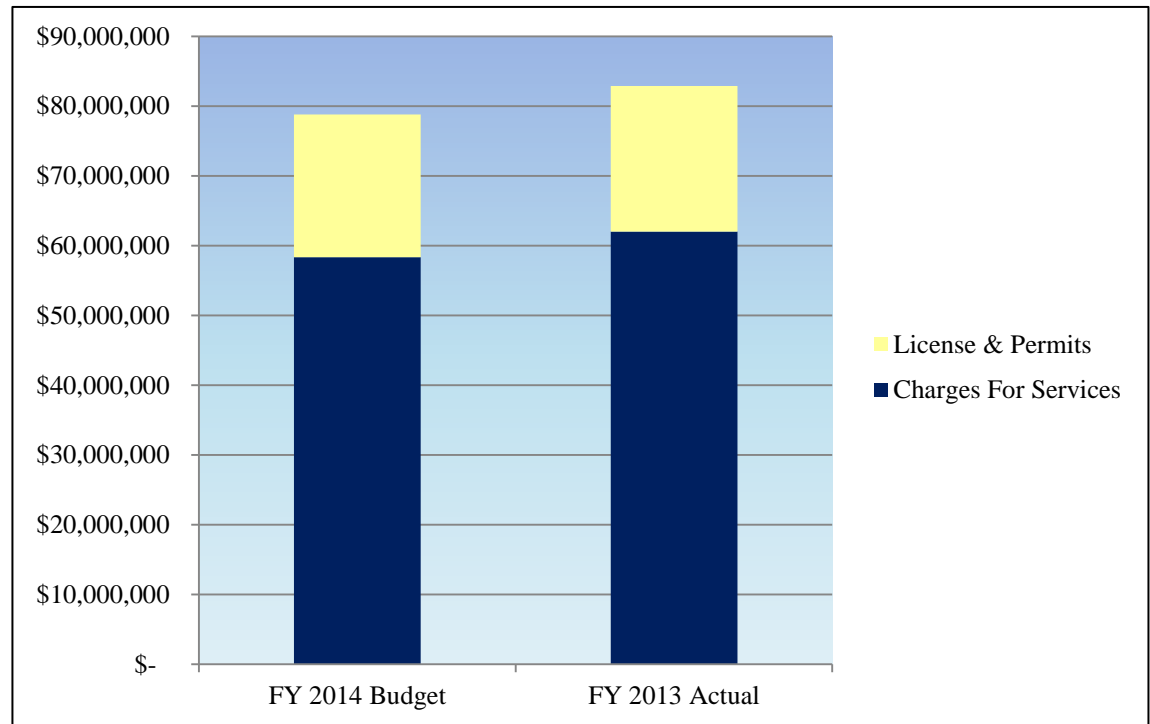
| Type | FY 2014 Budget | FY 2013 Actual |
|--------------|-----------------------|-----------------------|
| Federal | \$ 103,641,682 | \$ 105,476,417 |
| State | 39,712,085 | 50,974,145 |
| Local | 10,918,558 | 7,733,795 |
| Total | \$ 154,272,325 | \$ 164,184,357 |

- Intergovernmental revenue is 13% of County's FY14 budget



Charges for Services / Licenses & Permits

| Type | FY 2014 Budget | | FY 2013 Actual | |
|----------------------|----------------|-------------------|----------------|-------------------|
| Charges For Services | \$ | 58,347,246 | \$ | 61,994,383 |
| License & Permits | | 20,441,173 | | 20,886,622 |
| Total | \$ | 78,788,419 | \$ | 82,881,005 |



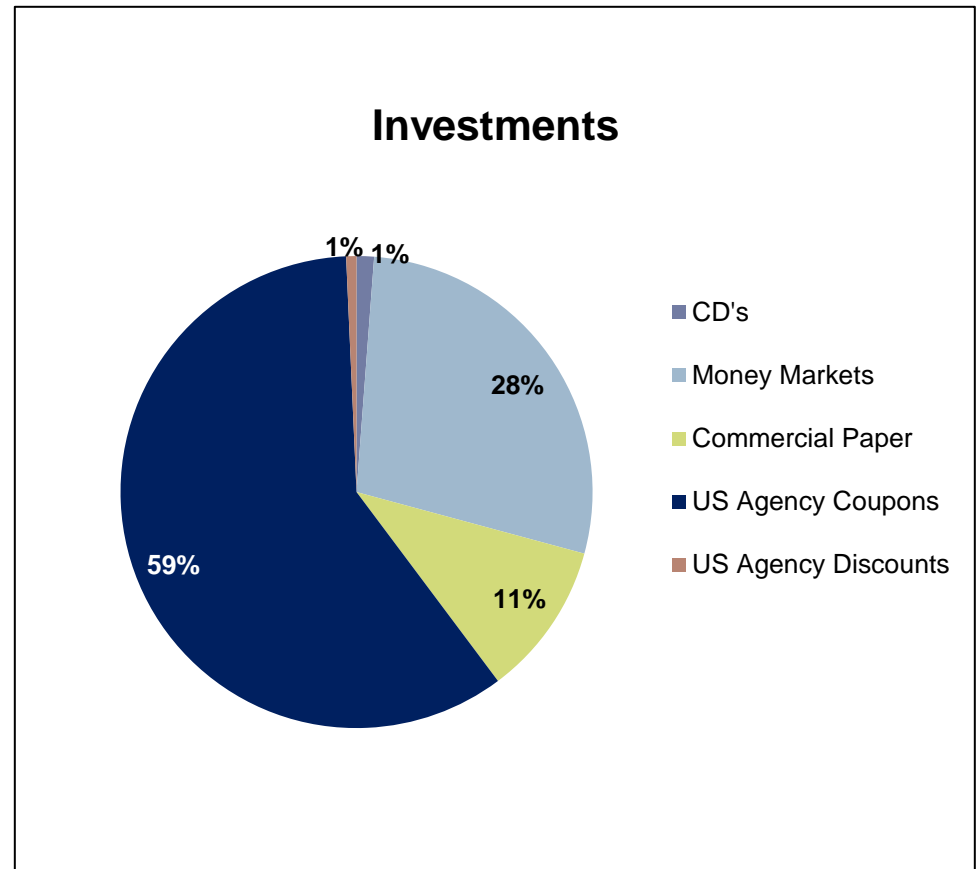
Investments

Investment Income

- FY2013 Actual was (\$4,743,835)
- FY2014 Budget is \$2,600,000

| Investments | | |
|---------------------|----|------------------|
| Type | | Amount |
| CD's | \$ | 15,200,801 |
| Money Markets | | 357,175,679 |
| Commercial Paper | | 134,739,017 |
| US Agency Coupons | | 759,026,175 |
| US Agency Discounts | | 8,990,680 |
| Total | | \$ 1,275,132,351 |

Portfolio balances as of January 31, 2014



Revenues: General Fund

| Revenue Source | FY2013 (Actual) | FY2014 (Amended Budget) | FY2014 (Forecast) |
|--|------------------------|----------------------------|------------------------|
| Property Tax (includes prior year & interest) | \$ 682,613,465 | \$ 695,608,222 | \$ 708,799,376 |
| Sales Tax | 135,087,996 | 132,450,000 | 134,200,000 |
| Other Taxes | 4,741,565 | 4,020,000 | 4,320,000 |
| Intergovernmental | 150,599,921 | 137,815,677 | 136,106,000 |
| Investment Income | (4,743,835) | 2,600,000 | 3,895,000 |
| Licenses & Permits | 20,886,622 | 20,441,173 | 21,390,000 |
| Charges for Services | 61,994,383 | 58,347,246 | 57,641,000 |
| Other | 10,668,048 | 12,511,462 | 11,102,000 |
| Total | \$1,061,848,165 | \$ 1,063,793,780 | \$1,077,453,376 |

Expenditures: General Fund

| Expenditures | FY2014 (As of 1-31-14) | FY2013 Actual |
|---------------------------------|---------------------------|------------------|
| Total Budgeted expenditures | \$ 1,087,581,278 | \$ 1,123,809,796 |
| Expended | 430,589,333 | 1,053,120,721 |
| Expended as a percent of budget | 39.6% | 93.7% |
| Total Projected Expenditures | \$ 1,076,747,690 | |

Revenues: Debt Service Fund

| Category | FY2013 Actual | FY2014 Amended | FY2014 Forecast |
|--------------------------------|-----------------------|-----------------------|-----------------------|
| Property Taxes | \$ 237,919,500 | \$ 228,254,250 | \$ 228,254,250 |
| Sales Taxes | 39,788,480 | 38,930,000 | 42,300,000 |
| Intergovernmental | 13,584,436 | 12,195,209 | 12,195,209 |
| Interest earned on investments | 427,282 | 150,000 | 150,000 |
| Other | 2,236,628 | 4,261,439 | 4,261,439 |
| Total | \$ 293,956,326 | \$ 283,790,898 | \$ 287,160,898 |

Expenditures: Debt Service Fund

| Expenditures | FY2014 (As of 1-31-14) | FY2013 Actual |
|---------------------------------|---------------------------|------------------|
| Total Budgeted expenditures | \$ 283,790,797 | \$ 289,876,490 |
| Expended | 94,218,087 | 255,902,623 |
| Expended as a percent of budget | 33.2% | 88.3% |
| Total Projected Expenditures | \$ 228,294,000 | |

Summary – Financial Update

- On target to exceed budgeted property tax revenue
 - Real property in the County was revalued for FY 2012; the revaluation and appeals process is under review
 - The appeals loss is not as great as anticipated
- Sales Tax collections continue to exceed budget
- Charges for services, which includes all fee based services is \$31.5 million to date for FY 2014
- Anticipate no draw down of fund balance

Questions?

BREAK



Budget Retreat Fiscal Policy

Presented to
Mecklenburg Board of County Commissioners
February 20, 2014

Presentation Topics

Capital Planning and Debt

Fund Balance

Conclusions

Capital Planning

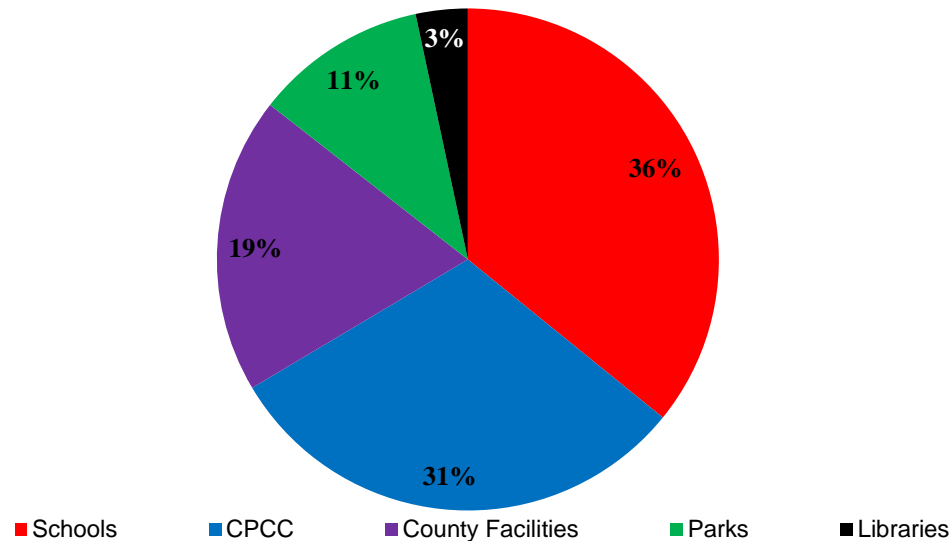
Prioritization of 2015 - 2019 Projects

- In 2013 the County submitted its next round of ranked projects for approval.

Totals allocated by purpose

| | | |
|-------------------|-----------------------|-------------|
| Schools | \$ 327,800,000 | 36% |
| CPCC | 280,004,500 | 31% |
| County Facilities | 174,700,000 | 19% |
| Parks | 101,500,000 | 11% |
| Libraries | 30,604,000 | 3% |
| Total | \$ 914,608,500 | 100% |

Projects Allocated by Purpose



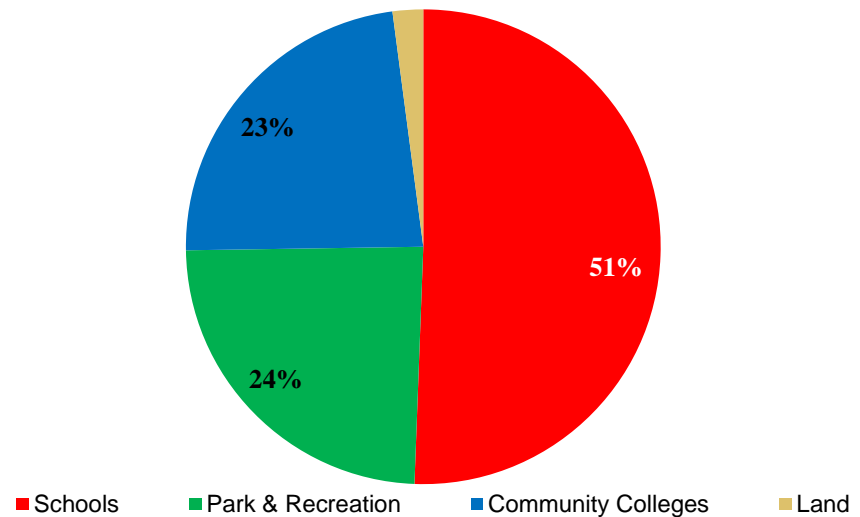
Capital Planning

Bonds Authorized and Unissued

| 2013 Referendum - School Facilities - \$290 million | \$ 290,000,000 | 29.2% |
|--|-----------------------|---------------|
| 2007 Referendum - School Facilities - \$516 million | 212,400,000 | 21.4% |
| 2013 Referendum - Community College - \$210 million | 210,000,000 | 21.1% |
| 2007 Referendum - Community College - \$35.6 million | 20,000,000 | 2.0% |
| 2008 Referendum - Parks & Rec - \$250 million | 240,000,000 | 24.2% |
| 2007 Referendum - Land - \$35.6 million | 20,640,000 | 2.1% |
| Total | \$ 993,040,000 | 100.0% |

- In 2013 voters approved \$500 million in bonds for CMS and CPCC.

2% Authorization by Purpose

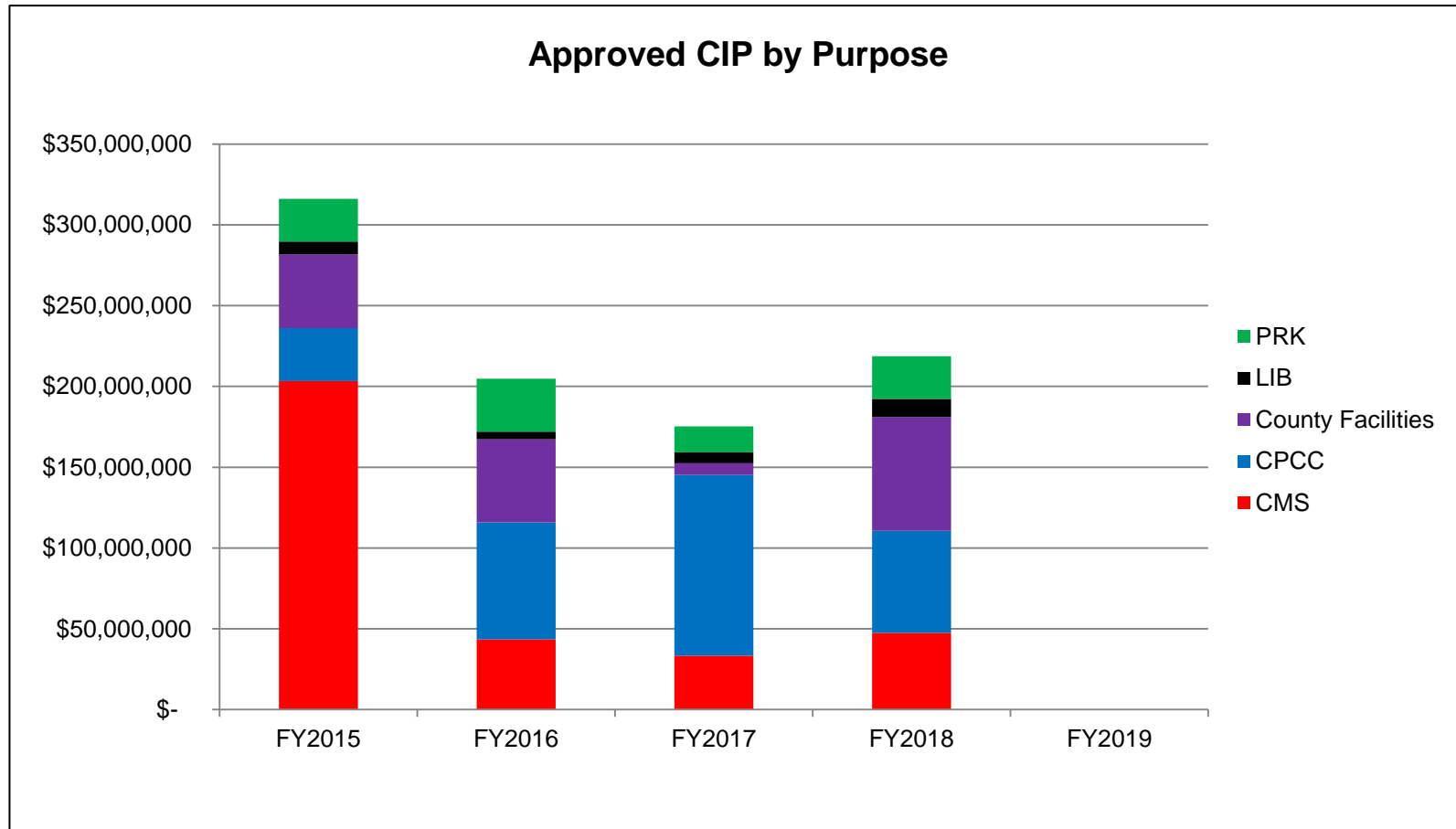


Capital Planning

Proposed CIP funding

| | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | 5 Year Total |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Obligation Bonds | \$ 100,000,000 | \$ 100,000,000 | \$ 100,000,000 | \$ 100,000,000 | \$ 100,000,000 | \$ 500,000,000 |
| PAYGO - 3 cents | 33,000,000 | 33,000,000 | 33,000,000 | 33,000,000 | 33,000,000 | 165,000,000 |
| Debt Service Fund - Excess Fund Balance | 48,900,000 | 40,800,000 | 35,000,000 | 40,000,000 | 58,000,000 | 222,700,000 |
| Interest / Premiums | 26,300,000 | - | - | - | - | 26,300,000 |
| Total | \$ 208,200,000 | \$ 173,800,000 | \$ 168,000,000 | \$ 173,000,000 | \$ 191,000,000 | \$ 914,000,000 |

Capital Planning



Debt Management Policy

Changes to Debt Management Policy

In FY2012 the County revised its Debt Management Policy to accomplish two goals:

1. Incorporate the provisions of the Debt Service Fund
2. Review overall policy provisions and targets adopted in 2008

Debt Service Fund – Key Provisions

- The Debt Service Fund is established to provide separate dedicated funding for debt service management
- The County will appropriate to the Debt Service Fund twenty-one cents of the property tax rate. Funds appropriated can only be utilized for debt service in the current or subsequent fiscal years
- Accumulated fund balance should be limited to two years' non- property tax revenue
- After the fund balance goal has been reached in the Debt Service Fund, a portion of the twenty-one cents may be reallocated for pay-as-you-go capital funding

Revisions to Policy Targets

- The County added two new ratios; Direct Debt as a Percent of Market Value & Direct Debt per Capita
- These ratios allow the County to benchmark itself against factors within its control
- The targets were selected based on medians of other AAA Counties in North Carolina
- Debt service as Percent of Expenditures was reduced to 18%
- Variable Rate Debt as a Percent of Outstanding Debt was reduced to 20%
- The revisions encourage the County to manage to lower targets.

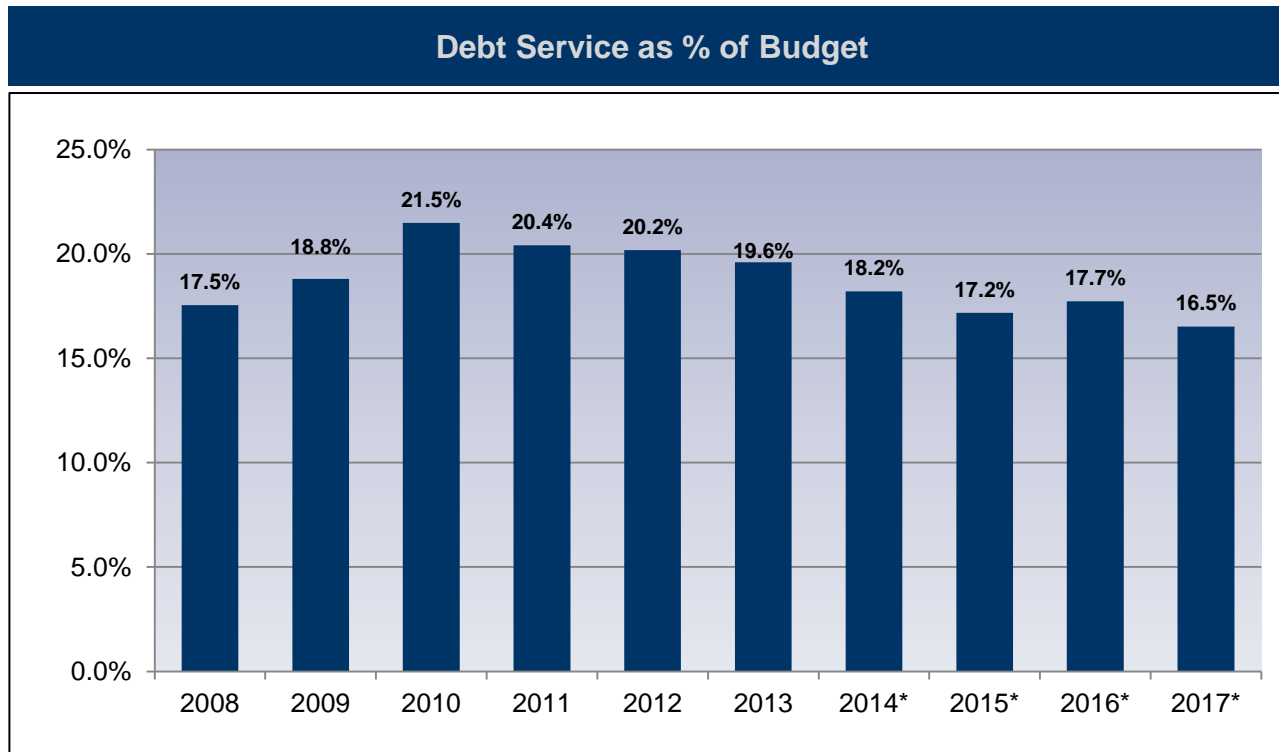
Debt Management Policy

Debt Statistics

| Ratio | Target | FY 2013 | FY 2014 Estimate |
|---|---------|---------|------------------|
| Overall Debt as % of Market Value | 4% | 2.3% | 2.20% |
| Overall Debt per Capita | \$4,000 | \$2,624 | \$2,407 |
| Direct Debt as % of Market Value | 2% | 1.50% | 1.40% |
| Direct Debt per Capita | \$2,200 | \$1,767 | \$1,573 |
| Ten Year Payout ratio | 64.0% | 79.8% | 80.4% |
| Debt Service % of Operational Expenditures | 18% | 19.6% | 18.2% |
| Variable Rate Debt as % of Outstanding Debt | 20% | 15.5% | 16.1% |

Debt Management Policy

- Debt service as a percentage of the operating budget has been reduced from a high of 21.5% in 2010 to a projected 16.5% in 2017

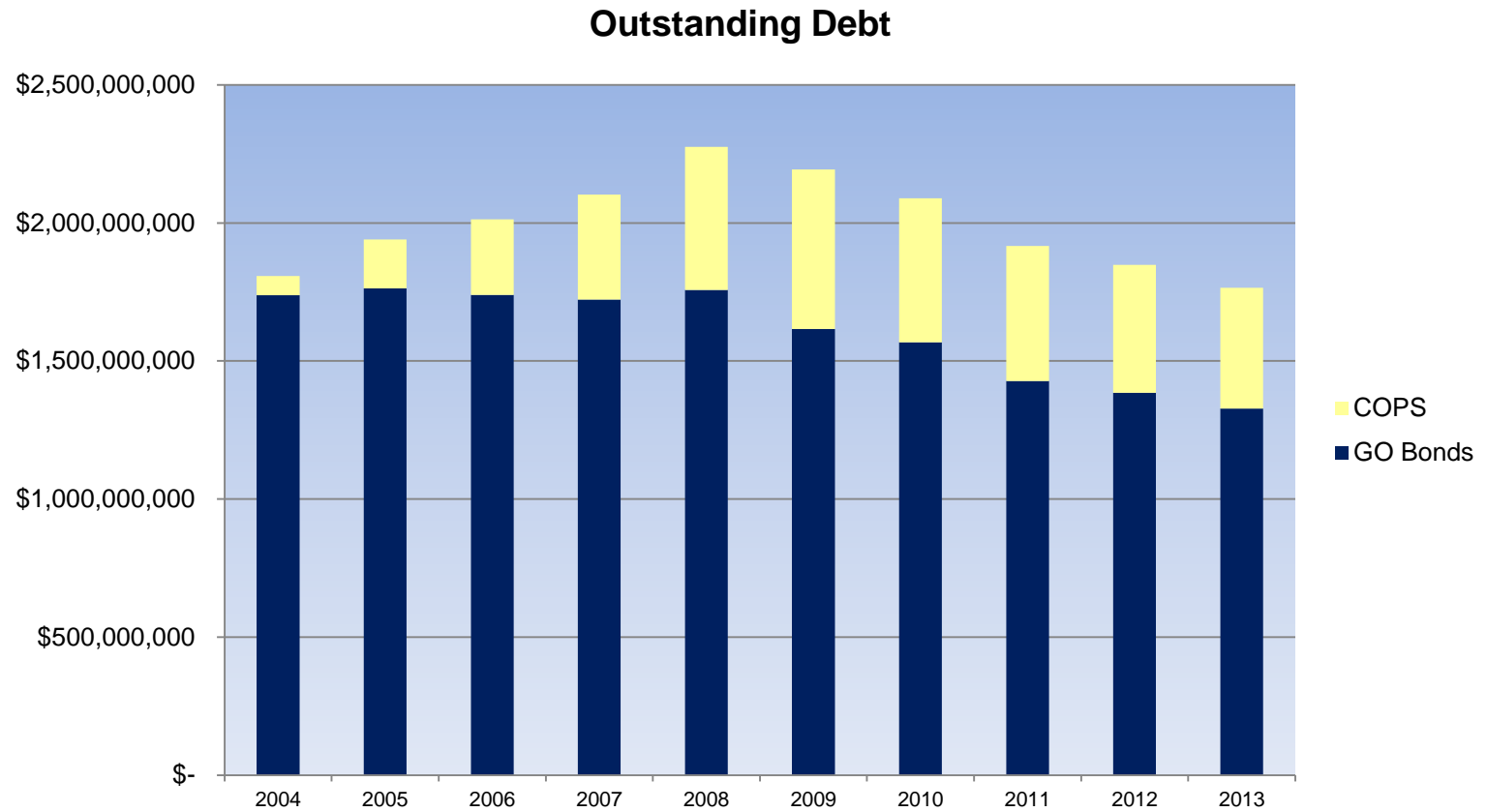


**Projected*

Assumptions:

- 1) No budget increase
- 2) \$100M annual sales

Outstanding Debt



Debt Profiles of AAA's

| | National Aaa County Medians <i>FY2013</i> | Mecklenburg <i>FY2013</i> | Durham <i>FY2013</i> | Forsyth <i>FY2013</i> | Guilford <i>FY2012</i> | Wake <i>FY2013</i> |
|---|--|------------------------------|-------------------------|--------------------------|---------------------------|-----------------------|
| Direct Net Debt as % of Full Value | 0.6% | 1.6% | 1.8% | 1.6% | 1.8% | 1.7% |
| Direct Net Debt Per Capita | \$657 | \$1,768 | \$1,959 | \$1,573 | \$1,653 | \$2,167 |
| Payout, 10 Years, All Tax-Supported Debt | 74.6% | 81.8% | 87.7% | 69.2% | 73.7% | 81.5% |
| Debt Service as % of Operating Expenditures | 8.7% | 19.6% | 14.1% | 16.6% | 13.6% | 24.0% |

Source: Moody's Investor Services

Debt Management Strategies Results

- Reduced debt issuance
- COPS issuance eliminated
- Created debt service fund
- Long-term debt issuance - \$100 million per year
- Pay-as-you-go appropriations totaling three cents on the property tax rate

Fund Balance

Fund Balance Policy

- In FY 2012 the County revised its fund balance policy to reflect GASB 54 requirements as well as define how fund balance can be used

- Mecklenburg County's Fund Balance Policy states:
 - Maintain a total fund balance of 28% of prior year actual revenues
 - The remaining available fund balance can be allocated to fund the capital, technology and fleet reserves with a cap equivalent to 1.75 cents on the property tax rate
 - Of the total amount appropriated, 90% will be allocated to specific projects. The balance will remain unallocated and placed in reserve to be used in those fiscal years when fund balance is unavailable for appropriation
 - When fund balance falls below 28% of total revenue, replenishment will be budgeted over the next two fiscal years beginning with the subsequent year's adopted budget
 - General Fund and Debt Service Fund will be combined when calculating the 28%, so there is consistency between past and future fund balance amounts
 - In the event that there is no excess, then the aforementioned reserves will require funding from another source

Fund Balance

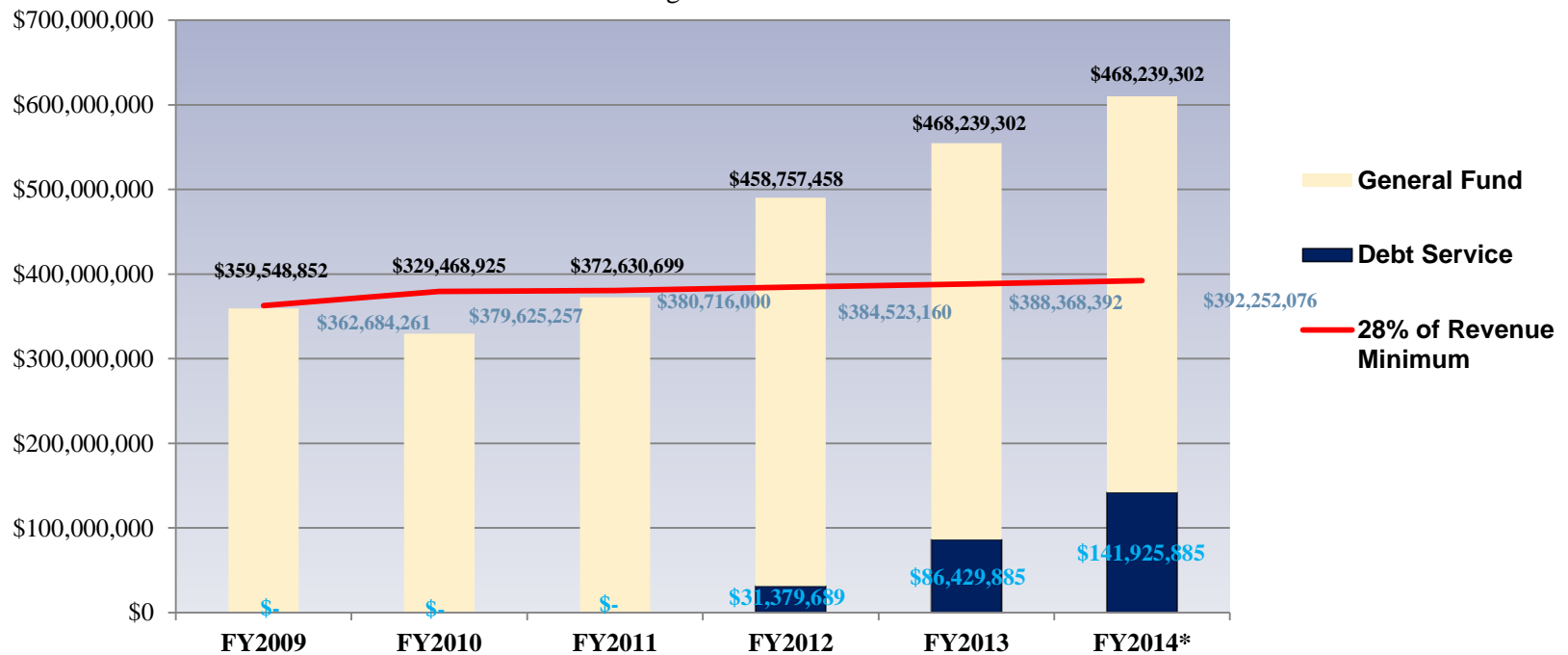
Fund Balance History

- Includes General and Debt Service funds
- After two years of draw downs, fund balance was partially replenished in fiscal year 2011
- Fund balance increased substantially in fiscal year 2012

Fund Balance

Fund Balance

Showing Minimum 28% of Revenue



*Projected

Fund Balance

General Fund Forecast

| | FY2013* | FY2014 | FY2015 | FY2016 | FY2017 |
|---|----------------|----------------|----------------|----------------|----------------|
| Beginning Balance July 1 | \$ 458,757,458 | \$ 468,239,302 | \$ 468,239,302 | \$ 448,239,302 | \$ 428,239,302 |
| Net Change | 9,481,844 | - | (20,000,000) | (20,000,000) | (20,000,000) |
| Ending Balance June 30 | 468,239,302 | 468,239,302 | 448,239,302 | 428,239,302 | 408,239,302 |
| 28% Minimum excluding \$100M in Debt Service Fund | 279,625,257 | 280,716,000 | 284,523,160 | 288,368,392 | 292,252,076 |
| Appropriated in budget | \$ 14,000,000 | \$ 19,000,000 | \$ 20,000,000 | \$ 20,000,000 | \$ 20,000,000 |

**Actual*

Fund Balance

Debt Service Fund Forecast

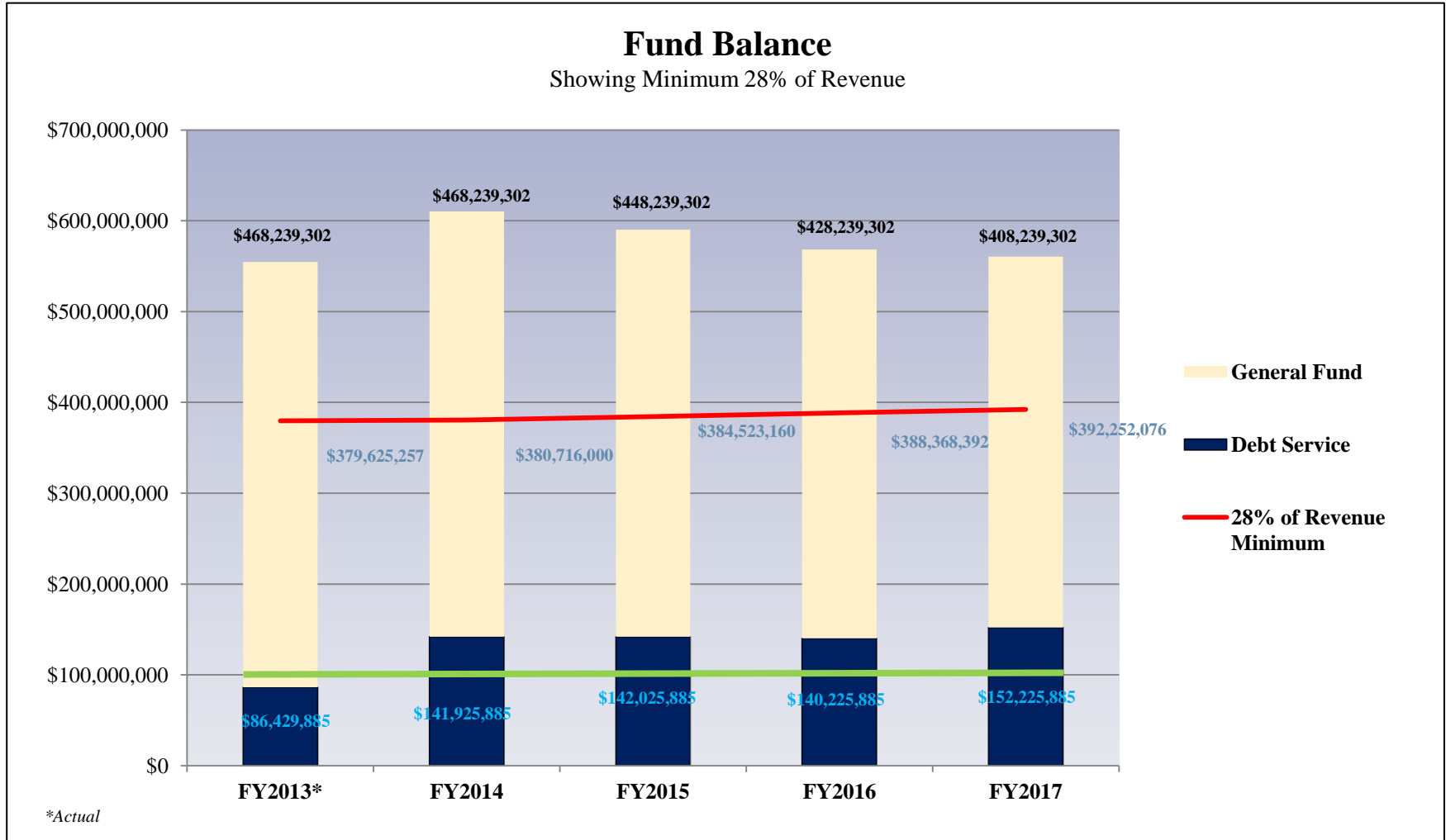
- 21 cents allocated

| | FY2013* | FY2014 | FY2015 | FY2016 | FY2017 |
|------------------------------------|---------------|---------------|----------------|----------------|----------------|
| Beginning Balance July 1 | \$ 31,379,689 | \$ 86,429,885 | \$ 141,925,885 | \$ 142,025,885 | \$ 140,225,885 |
| Net Change | 55,050,196 | 55,496,000 | 100,000 | (1,800,000) | 12,000,000 |
| Ending Balance June 30 | 86,429,885 | 141,925,885 | 142,025,885 | 140,225,885 | 152,225,885 |
| Reserve | - | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| Appropriated for approved CIP | - | - | 48,900,000 | 40,800,000 | 35,000,000 |
| Budget for fund balance @ 21 cents | \$ 41,512,000 | \$ 55,496,000 | \$ 49,000,000 | \$ 39,000,000 | \$ 47,000,000 |

**Actual*

Fund Balance

General & Debt Service Funds Combined Forecast



Conclusions

- Fiscal discipline has resulted in favorable fund balance position

GOALS:

- Maintain sufficient fund balance to remain above requirements
- Ensure fund balance position enhances bond rating
- Continue debt management to be consistent with other AAA rated governments
- Ensure that the taxpayer is not unduly burdened

Questions?

Agency Panel Discussion: High Performing Organization Part I



Board of Elections
Michael Dickerson



Register of Deeds
David Granberry



Office of the Tax Collector
Neal Dixon



Lunch



Retiree Medical Insurance

Presented to Mecklenburg Board of
County Commissioners

February 20, 2014

Agenda & Objectives

Agenda

- Other Post Employment Benefits
- Current Retiree Medical Plans
- Future Strategies

Objectives

- Limit/reduce OPEB liability
- Limit/reduce retiree medical costs
- Maintain benefit value for retirees



Other Post Employment Benefits

- Other Post Employment Benefits commonly referred to as OPEB
- GASB 45 – requires accounting for and reporting of the liability related to benefits provided to retirees by state and local governments.
- For Mecklenburg County, the effective date was FY 2007-2008.



Other Post Employment Benefits

- Liability is not new, but calculating and disclosing the amount of the liability is still relatively new.
- Private sector has been reporting this since 1993.
- Requires reporting of, not funding of the liability.



OPEB Valuation

Purpose of Valuation:

- A) Determine the County's total liability
- B) Determine the Annual Required Contribution (ARC)

ARC consists of two components:

- A) Amortization of the accrued liability
- B) Normal cost (including the current PAYGO portion)



OPEB Funding

- Liability is calculated every year, with various funding options
- Funding options: Fully fund, partially fund or not fund at all

FY08-FY10: Fully funded

FY11: Did not fund

FY12-FY14: Partially funded



Current OPEB Liability

2013 Valuation

\$384 million (\$48 million in fund)

2014 ARC

\$39 million

- Budgeted \$8M for fund
- Budgeted \$10M for PAYGO



Current Retiree Medical Plans

Eligibility Requirements:

- Must have been a County employee by July 1, 2010
- Must be eligible to retire from LGERS
- Must retire from Mecklenburg County

County Contributions:

10-19 years of service = 50% of individual coverage
20+ years of service = 100% of individual coverage



Current Retiree Medical Plans

Pre-Medicare Eligible:

Have the same plan as our active employees
Approximately 600 retirees

Medicare Eligible:

County plan pays secondary to Medicare
County provides enhanced level Rx coverage
Approximately 760 retirees



Current Retiree Medical Plans

- Plan designs have not substantially changed in 20+ years
- Board eliminated eligibility for new employees hired after July 1, 2010
- Future strategies for plan designs should address stated objectives



Future Strategy

- The market for retiree medical insurance has changed over the past 10-15 years
- Many private plan options exist in the market now that individuals can purchase that pay secondary to Medicare
- Market for pre-65 individual plans are less developed and limited to exchanges



Future Strategy: Key Terms

Consumer Driven Health Plan (CDHP):

- Allows employees to use tax-favored “accounts” to pay for and/or be reimbursed for incurred medical expenses
- Typically combined with a High Deductible Health Plan (HDHP) with lower premiums, higher deductibles & catastrophic coverage
- Designed to bring about increased awareness of individual ownership & fiscal responsibility



Future Strategy: Key Terms

Health Reimbursement Account (HRA):

- Employer funded & owned
- Tax advantaged
- Reimburses employees for premiums /expenses

Health Savings Account (HSA):

- Owned by the individual
- Contributions made by individual or employer
- Limited to those in a HDHP
- Tax advantaged



Medicare Eligible Retirees

- Reviewing a model that transitions from current group insurance approach to retiree directed options
- County may provide cost reimbursement through a HRA
- Partner with an administrative coordinator (“exchange”) to facilitate access to the market



Medicare Eligible Retirees

- The County can provide equivalent coverage for less than it is currently spending to provide group coverage
- The County can help limit costs for a relatively small number retirees who will have significantly higher prescription drug expenses (and still save money overall).



Post-65 Retiree Cost Illustration

2014 Estimates - Example

\$4,600 Current County spend/retiree

\$3,500 HRA Contribution

\$1,100 Net Savings

Note: The HRA contribution would be used to purchase individual coverage as well as for out of pocket expenses



Medicare Eligible Retirees

| Retirees Win | The County Wins |
|---|--|
| <ul style="list-style-type: none">• Increased options• Individuals can “right size” their coverage• Potential cost savings• County would pay a vendor to assist retirees in finding solution | <ul style="list-style-type: none">• Reduces program mgmt and compliance• Eliminates self-insured claims risk,• Stabilizes cost• Reduces OPEB liability• Simpler administration• Reduces cost via greater competition and efficiency |



Non-Medicare Eligible Retirees

- Minimal private market options
- Reviewing options for utilizing a HDHP & HSA
- County could also offer a traditional PPO plan option



Associated Challenges

- Expect change anxiety from retirees
- Expect some benefit gains/losses
- Will require extensive communication and education effort
- Will require extensive administrative effort by County staff in next 18 months



Next Steps

- Review plan design options
- Determine impact on OPEB
- Determine impact on operating costs
- Conduct RFP for vendor to administer Post-65 plan
- Communicate new plans in late summer/early fall



Agency Panel Discussion: Economic Development



**Economic Development
Office**
John Allen



**Land Use and
Environmental Services**
Ebenezer Gujjarlapudi



BREAK

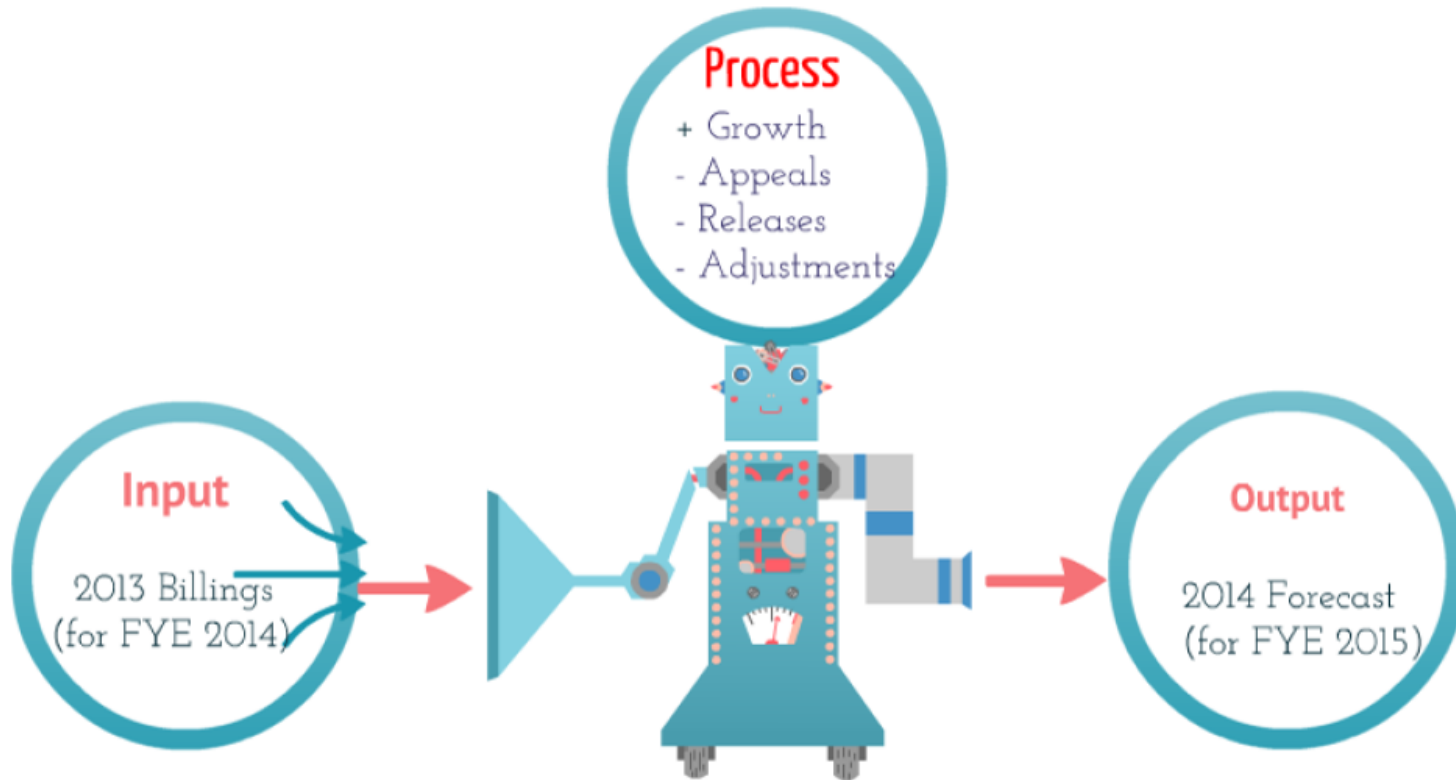


FY 15 BUDGET ASSESSED VALUATION ESTIMATE

Presented to Mecklenburg Board of
County Commissioners

FEBRUARY 20, 2014

Mecklenburg County Tax Base Forecast Overview of The Process

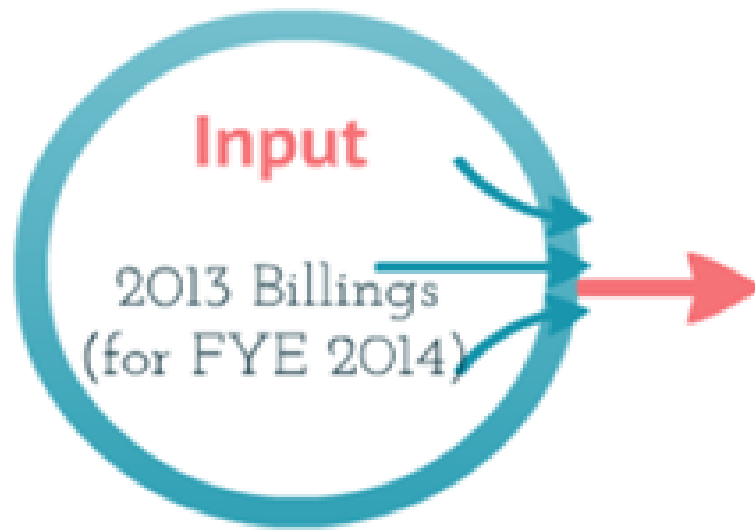


Tax Base Forecast



Mecklenburg County Tax Base Forecast

Input – Starting Basis



- Starting Basis - Actual Billings
- Based on a significant amount of Pearson Appraisal Services
- Includes some Tax & Tag months



Mecklenburg County Tax Base Forecast Process – Growth Calculations



- Range of Growth (High, Average, Low)
- Appeal loss
 - Normal loss from Appeals
 - Add 'l for SL 362
- Regular Release Rate
- Normal Rate for Adjustments



Mecklenburg County Tax Base Forecast Output – Results

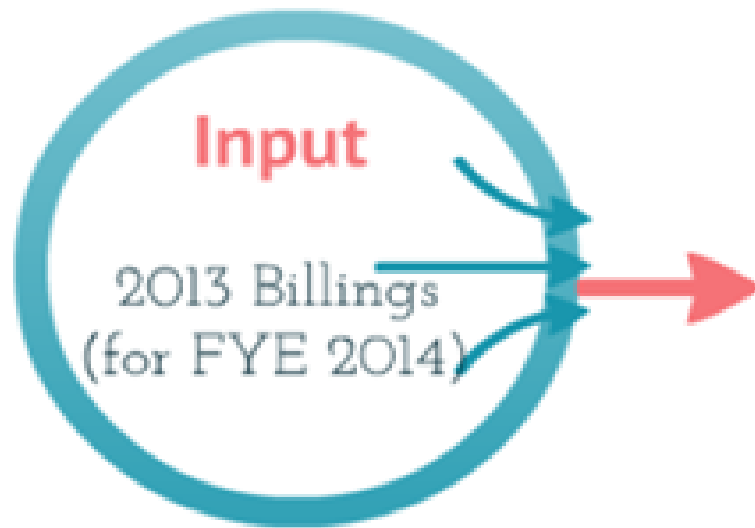


- Results
 - Forecasted Range of Value
 - High
 - Average
 - Low



Mecklenburg County Tax Base Forecast

Input – Starting Basis

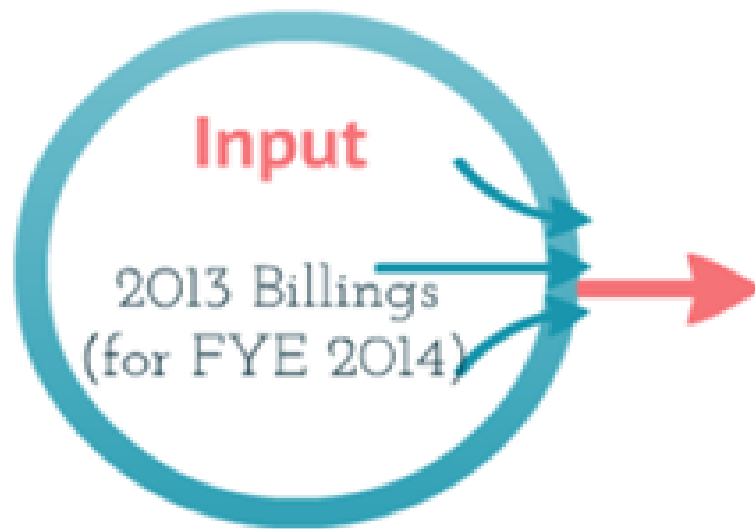


- Categories
- BUS – Business Personal Property
- IND – Individual Personal Property
- PUB – Public Service Companies
- RMV – Registered Motor Vehicles
- REI – Real Property
- PYD – Prior Year Discoveries



Mecklenburg County Tax Base Forecast

Input – Starting Basis



| 2013 Tax Value |
|-------------------|
| \$9,043,547,293 |
| \$161,999,903 |
| \$3,569,428,110 |
| \$7,422,687,483 |
| \$95,940,948,864 |
| \$971,819,324 |
| \$117,110,430,977 |



Mecklenburg County Tax Base Forecast Process – Growth Calculations



- Applied the High, Average, and Low Growth Rates
- .22% for Appeals and Releases
- 1% for Value Reductions – SL 362
 - REI ONLY



Mecklenburg County Tax Base Forecast Output – Results

| Jurisdiction | Prop Type | % Growth (Highest) | % Growth (Average) | % Growth (Lowest) |
|--------------------------|--------------------------|-----------------------|-----------------------|----------------------|
| Mecklenburg Co. | BUS | 6.40% | 4.80% | 3.30% |
| | IND | 3.10% | -0.80% | -4.60% |
| | PUB | 4.20% | 2.70% | 1.30% |
| | RMV | 6.20% | 3.10% | 0.00% |
| | REI | 2.80% | 0.00% | -1.20% |
| | Prior Yr. Discoveries | 9.00% | 9.00% | 9.00% |
| Mecklenburg Co. Total | | 3.40% | 0.70% | -0.60% |
| Grand Total | | 3.40% | 0.70% | -0.60% |



Mecklenburg County Tax Base Forecast Output – Results

| | | Values | | | |
|--------------------------|---------------------------------|-----------------|-------------------|-------------------|------------------|
| Jurisdiction | Prop Type | 2013 Tax Value | Highest 2014 Est. | Average 2014 Est. | Lowest 2014 Est. |
| Mecklenburg Co. | BUS | 9,043,547,293 | 9,622,391,928 | 9,481,096,544 | 9,339,801,160 |
| | IND | 161,999,903 | 166,977,250 | 160,779,081 | 154,580,912 |
| | PUB | 3,569,428,110 | 3,718,476,908 | 3,666,585,773 | 3,614,694,639 |
| | RMV | 7,422,687,483 | 7,885,045,465 | 7,652,598,818 | 7,420,152,172 |
| | REI | 95,940,948,864 | 98,672,410,308 | 95,921,539,530 | 94,832,053,506 |
| | Prior Yr. <u>Discoveries</u> | 971,819,324 | 1,059,283,063 | 1,059,283,063 | 1,059,283,063 |
| Mecklenburg Co. Total | | 117,110,430,977 | 121,124,584,922 | 117,941,882,810 | 116,420,565,452 |
| Grand Total | | 117,110,430,977 | 121,124,584,922 | 117,941,882,810 | 116,420,565,452 |



Mecklenburg County Tax Base Forecast Output – Results



Average 2014 Est.

\$9,481,096,544

\$160,779,081

\$3,666,585,773

\$7,652,598,818

\$95,921,539,530

\$1,059,283,063

\$117,941,882,810



Mecklenburg County Tax Base Forecast Output – Results



- Participants
 - CAO
 - Finance
 - OMB
 - Manager's Office



Agency Panel Discussion: High Performing Organization Part II



Internal Audit
Joanne Whitmore



**Business Support Services
Agency**
Brian Cox



Day 1

Closing

Comments
